

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-06

CEA-01 /096 W

-----107449 110213Z /64

R 101509Z JAN 78

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 7735

UNCLAS SANTIAGO 0156

EO 11652: NA

TAGS: EFIN, AFIN, ALOW, CI

SUBJ: DECEMBER INFLATION

1. DURING DECEMBER THE CHILEAN CONSUMER PRICE INDEX (CPI) INCREASED BY 3.1 PERCENT ACCORDING TO THE NATIONAL INSTITUTE OF STATISTICS. INFLATION DURING 1977 AMOUNTED TO 63.5 PERCENT, THE LOWEST ANNUAL FIGURE SINCE 1972.

2. THE FOOD COMPONENT ACCOUNTED FOR 0.6 PERCENTAGE POINTS OF THE TOTAL 3.1 PERCENT INCREASE; HOUSING 1.1, CLOTHING 0.4 AND MISCELLANEOUS 1.0. INCREASED IN HOUSE RENTS AND MEDICAL FEES HAD A MAJOR INFLUENCE IN THE HOUSING AND MISCELLANEOUS CATEGORIES. THE LATTER WAS ALSO INFLUENCED TO SOME EXTENT BY PRICE INCREASES IN PUBLIC TRANSPORTATION AND IN FUELS AND LUBRICANTS.

3. COMMENT. SEASONAL FACTORS CAUSED AN INCREASE IN INFLATION FROM NOVEMBER TO DECEMBER. THE 63.5 PERCENT PRICE INCREASE DURING 1977 IS EVEN LOWER THAN PREVIOUS OFFICIAL FORECASTS WHICH HAD PREDICTED 65 PERCENT INFLATION AS A MINIMUM. PROSPECTS FOR FURTHER REDUCING THE RATE OF INFLATION DURING 1978 ARE VERY PROMISING GIVEN THE RESULTS OBTAINED IN 1977. THE ECONOMIC TEAM EXPECTS AN INFLATION RATE FOR 1978 WITHIN UNCLASSIFIED

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THE RANGE OF 25-35 PERCENT, WHICH IS THE HISTORIC CHILEAN RATE. PRESUMABLY, THIS GOAL WILL BE REACHED BY APPLYING A MONETARY POLICY AT LEAST AS RESTRICTIVE AS THAT OF LATE 1977. EMBASSY IS STILL AWAITING MONETARY FIGURES FOR DECEMBER. THESE WILL BE SENT WITH ADDITIONAL COMMENT AS SOON AS RECEIVED. LANDAU

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NNN

Message Attributes

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Draft Date: 10 jan 1978
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Disposition Action: n/a
Disposition Approved on Date:
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Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Legacy Key: link1978/newtext/t19780180/aaaacptl.tel
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Message ID: 8aa9eae4-c288-dd11-92da-001cc4696bcc
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Original Classification: UNCLASSIFIED
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Status: NATIVE
Subject: DECEMBER INFLATION
TAGS: EFIN, AFIN, ALOW, CI
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